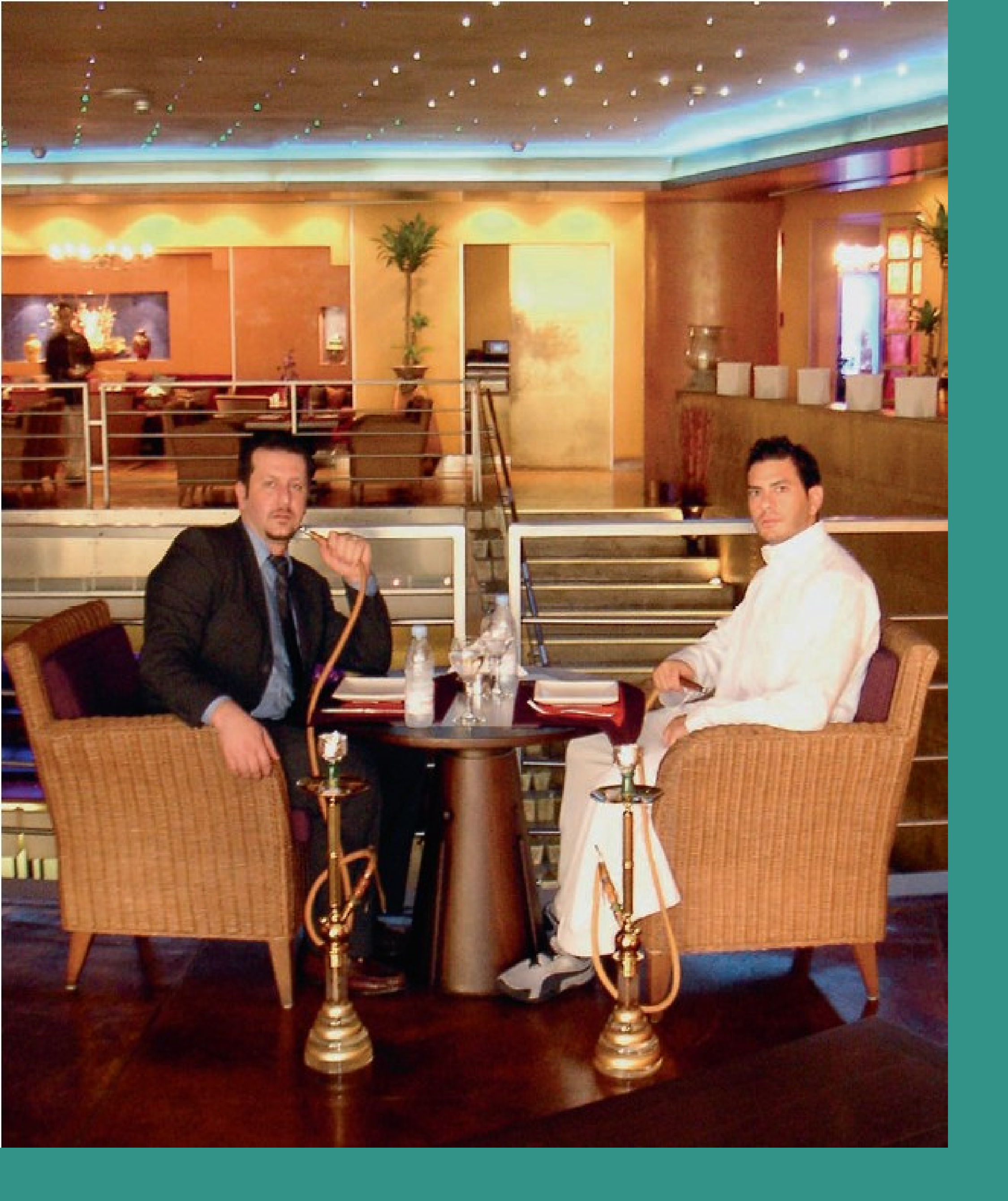
International Business Environments and Operations, 13/e

Part Two
Comparative Environmental Frameworks



Chapter Two
The Cultural Environments Facing Business

Chapter Objectives

- To understand methods for learning about cultural environments
- To analyze the major causes of cultural difference and change
- To discuss behavioral factors influencing countries' business practices
- To understand cultural guidelines for companies that operate internationally

Culture

Learned norms based on values, attitudes, and beliefs of a group of people

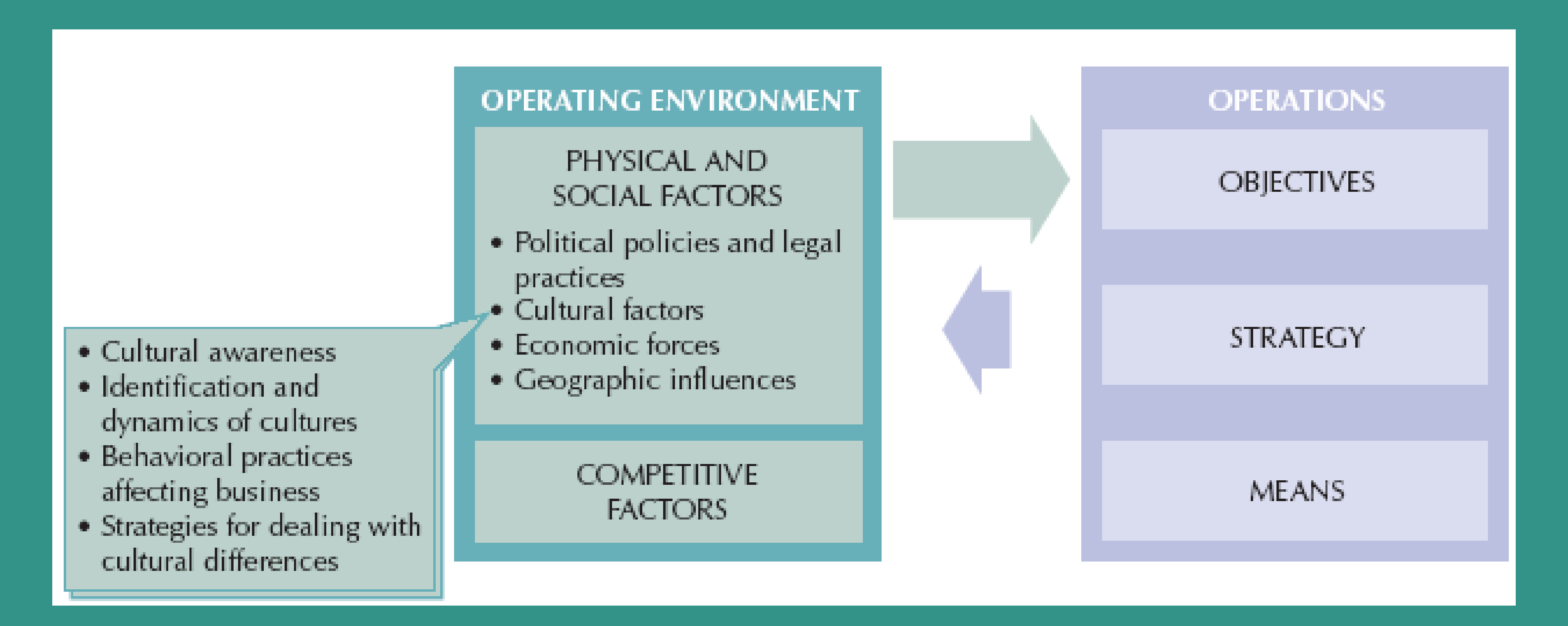
Cultural Diversity

A means of gaining global competitive advantage by bringing together people of diverse backgrounds and experience

Cultural Collision

- Occurs in international business when:
  - A company implements practices that are less effective
  - Employees encounter distress because of difficulty in accepting or adjusting to foreign behaviors

Cultural Factors Affecting International Business Operations



Cultural Awareness

- Problem areas that can hinder managers' cultural awareness...
  - Subconscious reactions to circumstances
  - The assumption that all societal subgroups are similar

The Idea of a "Nation" – Delineating Cultures

The nation is a useful definition of society because:

- Similarity among people is a cause and an effect of national boundaries
- Laws apply primarily along national lines

The Nation as a Cultural Mediator

- A national culture must be flexible enough to accommodate the diversity of various subcultures, ethnic groups, races, and classes

- Yet every nation boasts certain human, demographic, and behavioral characteristics that constitute its national identity

Country-By-Country Analysis

- Managers find this difficult to implement because:
  - Subcultures exist within nations
  - Similarities link groups from different countries

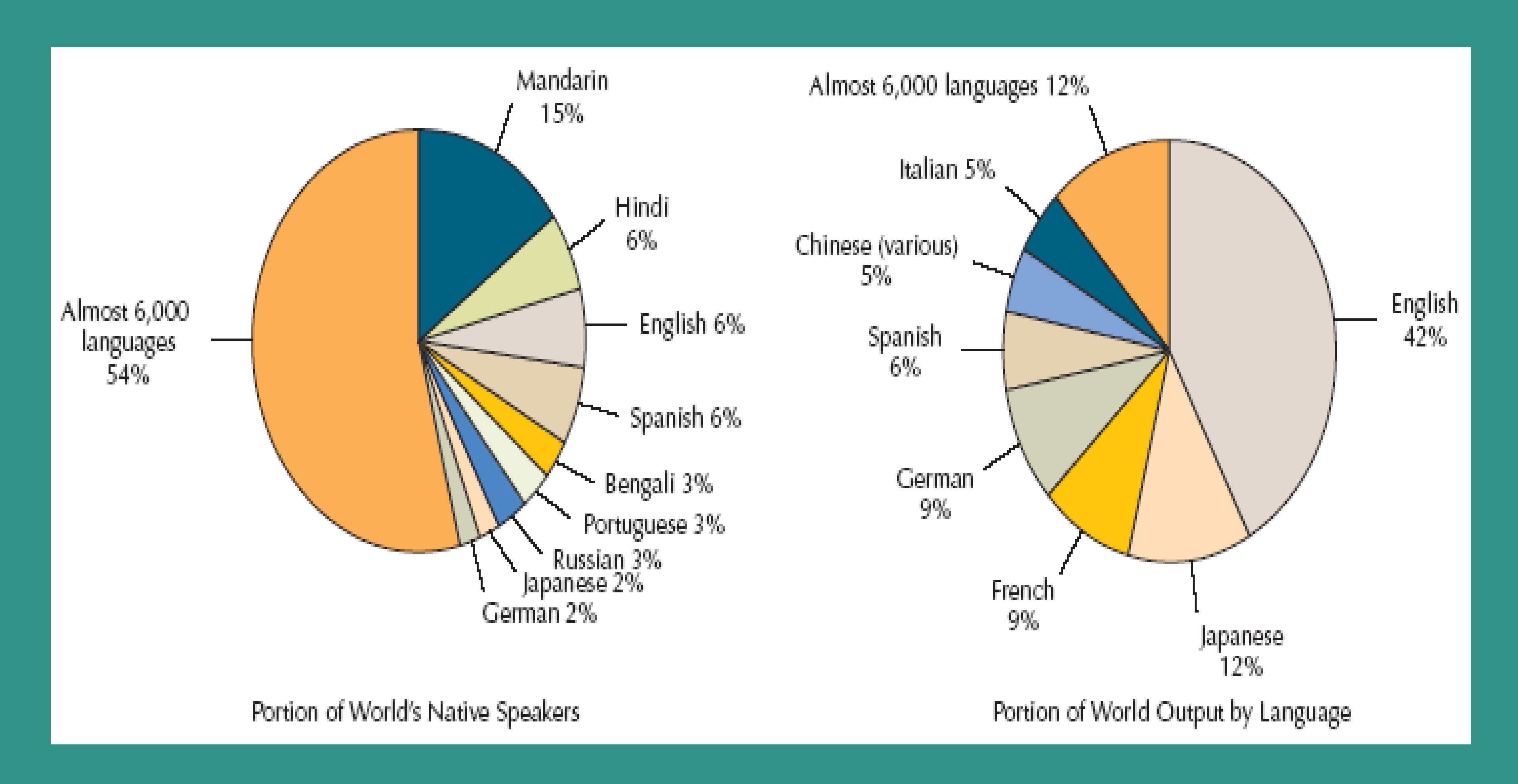
How Cultures Form and Change

- Change by Choice
  - Reaction to social and economic situations
- Change by Imposition
  - Imposed introduction into a culture of certain elements from an alien culture

Language as Both a Diffuser and Stabilizer of Culture

A common language within a country is a unifying force

Major Language Groups: Population and Output



Religion As A Cultural Stabilizer

Centuries of profound religious

influence continue to play a major

role in shaping cultural values

and behavior

Behavioral Practices Affecting Business

- Issues in Social Stratification
  - Social ranking is determined by:
    - Factors pertaining to you as an individual
    - Factors pertaining to your affiliation with certain groups

Group Affiliations Can Be:

- Ascribed or Acquired
  - Include those based on gender, family, age, caste, ethnic, racial, or national origin
- A reflection of class and status
  - Include those based on religion, political affiliation, and professional and other associations

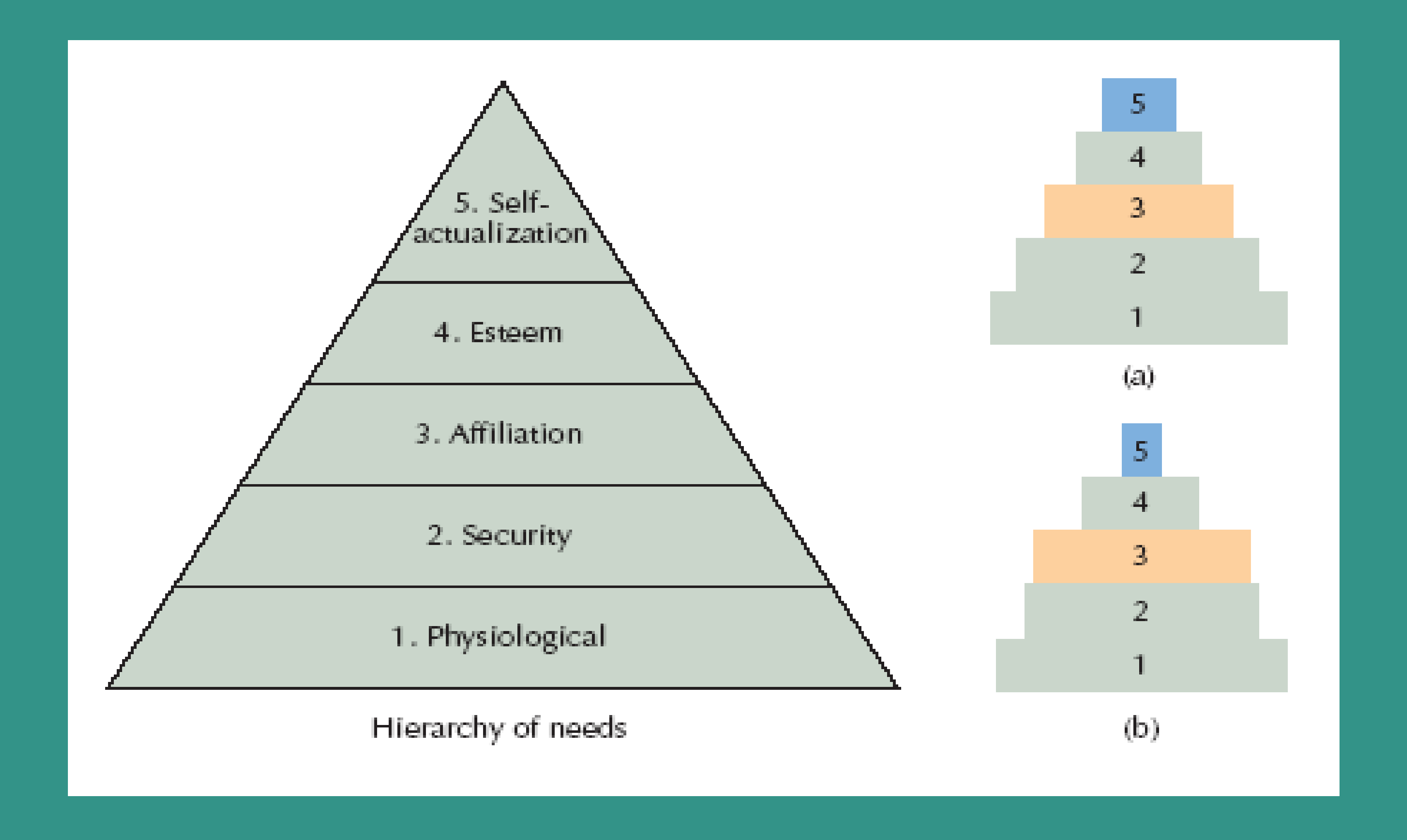
Social Stratification and Employment Practices

- Performance Orientation
- Open and Closed Societies
- Gender-Based Groups
- Age-Based Groups
- Family-Based Groups

Work Motivation

- Materialism and Motivation
- Expectation of Success and Reward
- Performance and Achievement: The Masculinity-Femininity Index
- Hierarchies of Needs

Hierarchy of Needs



Relationship Preferences

- Power Distance
- Individualism Versus Collectivism

Risk-Taking Behavior

- Uncertainty Avoidance
- Trust
- Future Orientation
- Fatalism

Information and Task Processing

- Perception of Cues
- Obtaining Information: Low Context versus High Context Cultures
- Information Processing
- Monochronic Versus Polychronic Cultures
- Idealism Versus Pragmatism

Communication

- Spoken and Written Language
- Silent Language
- Distance
- Time and Punctuality
- Body Language
- Prestige

Body Language Is Not A Universal Language



United States
It's fine



Germany
You lunatic



Greece
An obscene symbol for a body orifice



France
Zero or worthless



Japan
Money, especially change

Degree of Cultural Differences

Cultural Distance

When a company moves within a cluster of culturally similar countries, it should expect to encounter fewer cultural differences and to face fewer cultural adjustments.

Cultural Friction

A business interaction may be viewed negatively because of possible changes in power relationships and the sovereignty that sets countries apart.

Company and Management Orientations

- Polycentrism
  - belief that business units in different countries should act like local companies
- Ethnocentrism
  - conviction that one's own culture is superior to that of other countries
- Geocentrism
  - requires companies to balance knowledge of their own organizational cultures with both home and host country needs, capabilities, and constraints

Strategies for Instituting Change

- Value Systems
- Cost-Benefit Analysis of change
- Resistance to too much change
- Participation
- Reward Sharing
- Opinion Leadership
- Timing
- Learning Abroad

Future: What will happen to national cultures?

- Scenario 1.
  - New hybrid cultures will develop and personal horizons will broaden
- Scenario 2.
  - Outward expressions of national culture will continue to become homogeneous while distinct values will remain stable
- Scenario 3.
  - Nationalism will continue to reinforce cultural identity
- Scenario 4.
  - Existing national borders will shift to accommodate ethnic differences